



General Assembly

Substitute Bill No. 966

January Session, 2017

* SB00966CE 032117 *

**AN ACT CONCERNING ECONOMIC DEVELOPMENT PROGRAMS
ADMINISTERED BY THE DEPARTMENT OF ECONOMIC AND
COMMUNITY DEVELOPMENT.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (d) of section 32-41 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2017*):

4 (d) On or before September 1, 2013, January 1, 2014, September 1,
5 2014, January 1, 2015, September 1, 2015, January 1, 2016, September 1,
6 2016, January 1, 2017, September 1, 2017, January 1, 2018, September 1,
7 2018, January 1, 2019, and September 1, 2019, the Commissioner of
8 Economic and Community Development shall report in accordance
9 with the provisions of section 11-4a to the joint standing committees of
10 the General Assembly having cognizance of matters relating to
11 commerce and finance, revenue and bonding on (1) the projects
12 funded through the first five plus program, (2) the number of jobs
13 created, [and] (3) the net rate of return to the state for the entire
14 portfolio of the program, taking into account all loans that have been
15 forgiven and all tax credits that have been allowed in accordance with
16 this section, (4) the impact on the economy of this state, and (5) based
17 on such information, recommendations for any modifications to the
18 program, including, but not limited to, whether the program should

19 continue. Not later than February 1, 2019, said joint standing
20 committees shall convene a joint public hearing on the most recent
21 report submitted by the commissioner pursuant to this section.

22 Sec. 2. Subsection (q) of section 32-9t of the general statutes is
23 repealed and the following is substituted in lieu thereof (*Effective*
24 *October 1, 2017*):

25 (q) (1) (A) Any tax credits approved under this section that would
26 constitute in excess of twenty million dollars but less than thirty
27 million dollars in total for a single investment shall be submitted by
28 the Commissioner of Economic and Community Development to the
29 joint standing committee of the General Assembly having cognizance
30 of matters relating to finance, revenue and bonding prior to the
31 issuance of a certificate of eligibility for such investment. Said
32 committee shall have thirty days from the date such project is
33 submitted to convene a meeting to recommend approval or
34 disapproval of such investment. If such submittal is withdrawn,
35 altered, amended or otherwise changed, and resubmitted, said
36 committee shall have thirty days from the date of such resubmittal to
37 convene a meeting to recommend approval or disapproval of such
38 investment. If said committee does not act on a submittal or
39 resubmittal, as the case may be, within that time, the investment shall
40 be deemed to be approved by said committee.

41 [(2)] (B) While the General Assembly is in session, the House of
42 Representatives or the Senate, or both, may meet not later than thirty
43 days following the date said committee makes a recommendation
44 pursuant to [subdivision (1) of this subsection] subparagraph (A) of
45 this subdivision. If such submission is not disapproved by the House
46 of Representatives or the Senate, or both, within such time, the
47 commissioner may issue such certificate.

48 [(3)] (C) While the General Assembly is not in regular session, the
49 House of Representatives or the Senate, or both, may meet not later
50 than thirty days following the date said committee makes a

51 recommendation pursuant to [subdivision (1) of this subsection]
52 subparagraph (A) of this subdivision. If such submission is not
53 disapproved by the House of Representatives, the Senate, or both,
54 within such time, the commissioner may issue such certificate.

55 (2) (A) Any tax credits approved under this section that would
56 constitute in excess of thirty million dollars in total for a single
57 investment shall be submitted by the Commissioner of Economic and
58 Community Development to the joint standing committee of the
59 General Assembly having cognizance of matters relating to finance,
60 revenue and bonding prior to the issuance of a certificate of eligibility
61 for such investment, except if such submittal is made when the
62 General Assembly is not in regular session, it shall be deemed to be
63 submitted on the first day of the next regular session. Said committee
64 shall have thirty days from the date such project is submitted to
65 convene a meeting to recommend approval or disapproval of such
66 investment, provided if the regular session adjourns prior to such
67 thirtieth day and the submission has not been acted upon, said
68 committee may meet not later than thirty days following the first day
69 of the next regular session to recommend such approval or
70 disapproval. If such submittal is withdrawn, altered, amended or
71 otherwise changed and resubmitted, said committee shall have thirty
72 days from the date of such resubmittal to convene a meeting to
73 recommend approval or disapproval of such investment. If said
74 committee does not act on such submittal or resubmittal within such
75 time, the investment shall be deemed to be disapproved by said
76 committee.

77 (B) The House of Representatives and the Senate may meet not later
78 than thirty days after the date said committee makes a
79 recommendation pursuant to subparagraph (A) of this subdivision. If
80 such submission is approved by both the House of Representatives
81 and the Senate within such time, the commissioner may issue such
82 certificate. If the regular session adjourns prior to such thirtieth day
83 and the submission was not acted upon, the House of Representatives

84 and the Senate may meet not later than thirty days following the first
85 day of the next regular session to approve or disapprove such
86 submission, and if such submission is approved by both the House of
87 Representatives and the Senate within such thirty-day period, the
88 commissioner may issue such certificate.

89 Sec. 3. Section 32-7g of the general statutes is repealed and the
90 following is substituted in lieu thereof (*Effective October 1, 2017*):

91 (a) There is established within the Department of Economic and
92 Community Development the Small Business Express program. Said
93 program shall provide small businesses with various forms of financial
94 assistance, using a streamlined application process to expedite the
95 delivery of such assistance. The Commissioner of Economic and
96 Community Development, at his or her discretion, may partner with
97 the lenders in the Connecticut Credit Consortium, established
98 pursuant to section 32-9yy, in order to fulfill the requirements of this
99 section. A small business eligible for assistance through said program
100 shall (1) employ, on at least fifty per cent of its working days during
101 the preceding twelve months, not more than one hundred employees,
102 (2) have operations in Connecticut, (3) have been registered to conduct
103 business for not less than twelve months, and (4) be in good standing
104 with the payment of all state and local taxes and with all state agencies.

105 (b) The Small Business Express program shall consist of various
106 components, including (1) a revolving loan fund, as described in
107 subsection (d) of this section, to support small business growth, (2) a
108 job creation incentive component, as described in subsection (e) of this
109 section, to support hiring, (3) a matching grant component, as
110 described in subsection (f) of this section, to provide capital to small
111 businesses that can match the state grant amount, [and] (4) not more
112 than two minority business revolving loan funds, as described in
113 subsection (g) of this section, to support the growth of minority-owned
114 businesses, and (5) a component established in consultation with
115 representatives with Connecticut-based banks and a banking industry
116 association, as described in subsection (h) of this section. The

117 Commissioner of Economic and Community Development shall work
118 with eligible small business applicants to provide a package of
119 assistance using the financial assistance provided by the Small
120 Business Express program and may refer small business applicants to
121 the Subsidized Training and Employment program established
122 pursuant to section 31-3pp and any other appropriate state program.
123 Notwithstanding the provisions of section 32-5a regarding relocation
124 limits, the department may require, as a condition of receiving
125 financial assistance pursuant to this section, that a small business
126 receiving such assistance shall not relocate, as defined in section 32-5a,
127 for five years after receiving such assistance or during the term of the
128 loan, whichever is longer. All other conditions and penalties imposed
129 pursuant to section 32-5a shall continue to apply to such small
130 business.

131 (c) The commissioner shall establish a streamlined application
132 process for the Small Business Express program. The small business
133 applicant may receive assistance pursuant to said program not later
134 than thirty days after submitting a completed application to the
135 department. Any small business meeting the eligibility criteria in
136 subsection (a) of this section may apply to said program. The
137 commissioner shall give priority for available funding to small
138 businesses creating jobs and may give priority for available funding to
139 (1) economic base industries, as defined in subsection (d) of section 32-
140 222, including, but not limited to, those in the fields of precision
141 manufacturing, business services, green and sustainable technology,
142 bioscience and information technology, (2) businesses attempting to
143 export their products or services to foreign markets, and (3) businesses
144 located in designated innovation places, as defined in section 32-39j.

145 (d) (1) There is established as part of the Small Business Express
146 program a revolving loan fund to provide loans to eligible small
147 businesses. Such loans shall be used for acquisition or purchase of
148 machinery and equipment, construction or leasehold improvements,
149 relocation expenses, working capital, which may be used for payment

150 of rent, or other business-related expenses, as authorized by the
151 commissioner.

152 (2) Loans from the revolving loan fund may be in amounts from ten
153 thousand dollars to a maximum of one hundred thousand dollars,
154 shall carry a maximum repayment rate of four per cent and shall be for
155 a term of not more than ten years. The department shall review and
156 approve loan terms, conditions and collateral requirements in a
157 manner that prioritizes job growth and retention.

158 (3) Any eligible small business meeting the eligibility criteria in
159 subsection (a) of this section may apply for assistance from the
160 revolving loan fund, but the commissioner shall give priority to
161 applicants that, as part of their business plan, are creating new jobs
162 that will be maintained for not less than twelve consecutive months.

163 (e) (1) There is established as part of the Small Business Express
164 program a job creation incentive component to provide loans for job
165 creation to small businesses meeting the eligibility criteria in
166 subsection (a) of this section, with the option of loan forgiveness based
167 on the maintenance of an increased number of jobs for not less than
168 twelve consecutive months. Such loans may be used for training,
169 marketing, working capital, which may be used for payment of rent, or
170 other expenses, as approved by the commissioner, that support job
171 creation.

172 (2) Loans under the job creation incentive component may be in
173 amounts from ten thousand dollars to a maximum of three hundred
174 thousand dollars, shall carry a maximum repayment rate of four per
175 cent and shall be for a term of not more than ten years. Payments on
176 such loans may be deferred, and all or part of such loan may be
177 forgiven, based upon the commissioner's assessment of the small
178 business's attainment of job creation goals. The department shall
179 review and approve loan terms, conditions and collateral requirements
180 in a manner that prioritizes job creation.

181 (f) (1) There is established as part of the Small Business Express
182 program a matching grant component to provide grants for capital to
183 small businesses meeting the eligibility criteria in subsection (a) of this
184 section. Such small businesses shall match any state funds awarded
185 under this program. Grant funds may be used for ongoing or new
186 training, working capital, which may be used for payment of rent,
187 acquisition or purchase of machinery and equipment, construction or
188 leasehold improvements, relocation within the state or other business-
189 related expenses authorized by the commissioner.

190 (2) Matching grants provided under the matching grant component
191 may be in amounts from ten thousand dollars to a maximum of one
192 hundred thousand dollars. The commissioner shall prioritize
193 applicants for matching grants based upon the likelihood that such
194 grants will assist applicants in maintaining job growth.

195 (3) The commissioner may waive the matching requirement for
196 grants under this subsection for working capital to small businesses
197 located within distressed municipalities, as defined in section 32-9p.

198 (g) (1) There are established as part of the Small Business Express
199 program not more than two revolving loan funds to provide loans to
200 eligible small businesses that are owned by one or more members of a
201 minority. As used in this subsection, (A) "minority business
202 development entity" means a nonprofit organization (i) having a
203 lending portfolio on or before June 9, 2016, from which at least
204 seventy-five per cent of lending is provided to minority-owned
205 businesses state-wide; and (ii) that provided technical assistance on or
206 before June 9, 2016, provided at least seventy-five per cent of such
207 assistance was provided to minority-owned businesses state-wide; and
208 (B) "minority" means (i) Black Americans, including all persons having
209 origins in any of the Black African racial groups not of Hispanic origin;
210 (ii) Hispanic Americans, including all persons of Mexican, Puerto
211 Rican, Cuban, Central or South American, or other Spanish culture or
212 origin, regardless of race; (iii) all persons having origins in the Iberian
213 Peninsula, including Portugal, regardless of race; (iv) women; (v)

214 Asian Pacific Americans and Pacific islanders; or (vi) American Indians
215 and persons having origins in any of the original peoples of North
216 America and maintaining identifiable tribal affiliations through
217 membership and participation or community identification.

218 (2) Notwithstanding the provisions of section 32-7h, the
219 commissioner shall allocate from the available funding under the
220 Small Business Express program a total of five million dollars for
221 grants-in-aid to not more than two minority business development
222 entities in each of the fiscal years ending June 30, 2016, to June 30, 2020,
223 inclusive, for the purpose of establishing and administering minority
224 business revolving loan funds. Moneys from such funds shall be used
225 to (A) provide loans to eligible small businesses, and (B) fund the
226 administrative costs associated with the provision of such loans by a
227 minority business development entity, provided a minority business
228 development entity may not use more than ten per cent of the amount
229 received as a grant under this section to fund such costs. Such loans
230 shall be used for acquisition or purchase of machinery and equipment,
231 construction or leasehold improvements, relocation expenses, working
232 capital, which may be used for payment of rent, or other business-
233 related expenses, as authorized by the minority business development
234 entity.

235 (3) Loans from a minority business revolving loan fund may be in
236 amounts from ten thousand dollars to a maximum of one hundred
237 thousand dollars, shall carry a maximum repayment rate of four per
238 cent and shall be for a term of not more than ten years. The minority
239 business development entity shall review and approve loan terms,
240 conditions and collateral requirements in a manner that prioritizes job
241 growth and retention.

242 (4) Any eligible small business owned by one or more members of a
243 minority may apply for assistance from a minority business revolving
244 loan fund, provided the minority business development entity shall
245 give priority to applicants that, as part of their business plan, are
246 creating new jobs that will be maintained for not less than twelve

247 consecutive months.

248 (5) Loans from a minority business revolving fund shall be provided
249 in such a manner that, on or before five years after the date such loan
250 fund is established, the annual funds or revenues derived from
251 investment income, loan repayments or any other sources received by
252 the minority business development entity in connection with such loan
253 fund is sufficient to fund the administrative costs associated with such
254 loan fund.

255 (6) A minority business development entity receiving a grant
256 pursuant to this subsection shall annually submit to the commissioner
257 a financial audit of grant expenditures until all grant moneys have
258 been expended by such entity. Any such audit shall be prepared by an
259 independent auditor and if the commissioner finds that any such grant
260 is used for purposes that are not in conformity with uses set forth in
261 subdivisions (2) and (3) of this subsection, the commissioner may
262 require repayment of such grant.

263 (h) The commissioner, in consultation with representatives from
264 Connecticut-based banks and a banking industry association, may
265 establish as part of the Small Business Express program a component
266 operated in collaboration with Connecticut-based banks, which may
267 include, but need not be limited to, loan guarantees, short-term loans
268 used as a bridge to private sector financing and the transfer of loans
269 issued under subsection (d) or (e) of this section. Any loans issued
270 under such component shall be used for acquisition or purchase of
271 machinery and equipment, construction or leasehold improvements,
272 relocation expenses, working capital, which may be used for payment
273 of rent, or other business-related expenses, as authorized by the
274 commissioner. The provisions of subsections (d) to (g), inclusive, of
275 this section shall not be construed to apply to such component. Such
276 component shall be administered by the Department of Economic and
277 Community Development. Notwithstanding the provisions of section
278 32-7h, the commissioner may allocate not more than ten per cent of
279 available funding under the Small Business Express program to such

280 component. For purposes of this section, "Connecticut-based banks"
 281 means banks and out-of-state banks, each as defined in section 36a-2,
 282 having deposit-taking branches in the state.

283 [(h)] (i) Not later than June 30, 2012, and every six months
 284 thereafter, the commissioner shall provide a report, in accordance with
 285 the provisions of section 11-4a, to the joint standing committees of the
 286 General Assembly having cognizance of matters relating to finance,
 287 revenue and bonding, appropriations, commerce and labor. Such
 288 report shall include available data on (1) the number of small
 289 businesses that applied to the Small Business Express program, (2) the
 290 number of small businesses that received assistance under said
 291 program and the general categories of such businesses, (3) the amounts
 292 and types of assistance provided, (4) the total number of jobs on the
 293 date of application and the number proposed to be created or retained,
 294 and (5) the most recent employment figures of the small businesses
 295 receiving assistance. The contents of such report shall also be included
 296 in the department's annual report.

297 Sec. 4. (*Effective October 1, 2017*) The Commissioner of Economic and
 298 Community Development shall include in the annual report due not
 299 later than February 1, 2018, under section 32-1m of the general statutes:
 300 (1) A description of any program established pursuant to subsection
 301 (h) of section 32-7g of the general statutes, as amended by this act; and
 302 (2) the number of and extent to which Connecticut-based banks, as
 303 defined in said subsection, were consulted by the commissioner in the
 304 development of such fund.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2017</i>	32-41(d)
Sec. 2	<i>October 1, 2017</i>	32-9t(q)
Sec. 3	<i>October 1, 2017</i>	32-7g
Sec. 4	<i>October 1, 2017</i>	New section

CE *Joint Favorable Subst.*